



127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 1001

H.P. 696

House of Representatives, March 19, 2015

**An Act To Enact a New Hire Tax Credit and To Create Initiatives
To Help Families Move from Assistance to Employment**

Reference to the Committee on Taxation suggested and ordered printed.

Robert B. Hunt
ROBERT B. HUNT
Clerk

Presented by Representative FREDETTE of Newport.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §5122, sub-§1, ¶JJ** is enacted to read:

3 JJ. An amount equal to the wages deducted in determining federal adjusted gross
4 income that is included in the base for the new hire tax credit under section 5219-NN.

5 **Sec. 2. 36 MRSA §5200-A, sub-§1, ¶CC** is enacted to read:

6 CC. An amount equal to the wages deducted in determining federal taxable income
7 that is included in the base for the new hire tax credit under section 5219-NN.

8 **Sec. 3. 36 MRSA §5219-NN** is enacted to read:

9 **§5219-NN. New hire tax credit**

10 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
11 following terms have the following meanings.

12 A. "Employing unit" has the same meaning as in Title 26, section 1043, subsection
13 10.

14 B. "Qualifying person" means a person who, immediately prior to employment with
15 an employing unit, was a recipient of benefits under the ASPIRE-TANF program
16 under Title 22, chapter 1053-B and who is employed for at least 20 hours per week
17 on average by the employing unit.

18 **2. Amount of credit.** For tax years beginning on or after January 1, 2016, a
19 taxpayer that is an employing unit is allowed a tax credit against the tax otherwise due
20 under this Part equal to 50% of the gross wages paid during the taxable year to a
21 qualifying person during the first 12 continuous months of employment by the taxpayer.

22 **3. Limitation.** The tax credit under this section may not exceed \$10,000 for the
23 taxable year and may not reduce the tax otherwise due under this Part to less than zero. A
24 taxpayer entitled to a credit under this section for any taxable year may carry over and
25 apply to the tax liability for any one or more of the succeeding 2 tax years the portion, as
26 reduced from year to year, of any unused credit amount.

27 **Sec. 4. Department of Health and Human Services to review benefits and**
28 **assistance laws.** The Department of Health and Human Services shall review laws
29 concerning benefits and assistance to low-income recipients to identify any provisions in
30 statute, rules or policy that penalize or create a disincentive to work and make needed
31 recommendations to eliminate any disincentives and propose new policies that support
32 and promote stable and lasting employment among the low-income recipients of state
33 benefits and assistance. In conducting the review under this section, the department shall
34 review transitional assistance and benefits and existing or potential barriers to achieving
35 independence from public assistance and develop proposed changes to current statute,
36 rules or policy to ease or remove these barriers. The department shall also develop
37 recommended legislation to adjust the level of benefits based upon earned income for
38 low-income recipients of state assistance who are employed by a taxpayer who receives a

1 new hire tax credit under the Maine Revised Statutes, Title 36, section 5219-NN. By
2 December 2, 2015, the department shall submit its report and recommended legislation to
3 the Joint Standing Committee on Health and Human Services. The Joint Standing
4 Committee on Health and Human Services may report out legislation based upon the
5 report to the Second Regular Session of the 127th Legislature.

6 **Sec. 5. Application.** Those sections of this Act that amend the Maine Revised
7 Statutes, Title 36, section 5122 and section 5200-A apply to income tax years beginning
8 on or after January 1, 2016.

9 **SUMMARY**

10 This bill creates a new hire tax credit for an employer in the amount of 50% of the
11 wages of an employee who was a recipient of benefits under the Temporary Assistance
12 for Needy Families program and who is employed at least 20 hours per week on average
13 by the employer. This bill also directs the Department of Health and Human Services to
14 develop recommended legislation to adjust the level of assistance under state benefits
15 programs based upon earned income for low-income recipients of state assistance who
16 are employed by an employer who receives a new hire tax credit and to recommend other
17 measures in statute, rule and policy that will enable low-income recipients of state
18 assistance to obtain stable and lasting employment.